

No transactions are exempt on the basis of the pollution control exemption unless certifications are obtained as described in 86 Ill. Adm. Code 130.335(a) of the Department's rules. (This is a GIL).

March 22, 2000

Dear Xxxxx:

This letter is in response to your letter dated February 9, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

We are currently beginning construction of the Waste Water Handling and Treatment systems for the PLACE. This project will provide for water treatment from two areas of the site.

A Screening system and Aeration Tank will process water to remove grain residue prior to discharging the water to the Sanitary District of CITY.

An Oil/Water Separator system will be installed to remove diesel fuel contamination from ground water prior to discharging the water to the Sanitary District of CITY.

We would like clarification as to what permanent equipment qualifies for the tax exemption per Certificate ST-587. The project includes:

- New Screening Drum, Blowers, and Air Compressors
- Remodeling of an existing building to house the Screening Equipment.
- The new Aeration Tank and equipment.
- Upgrade of existing tanks to provide storage for water to be processed.
- A new building to house the OWS/DAF equipment to process water to remove the diesel fuel.
- New pumping structures, sewer piping, catch basins, manholes, and process piping.
- Replacement of existing defective sewer piping, catch basins, and manholes.
- Electrical, instrumentation, and control equipment and service (wire and raceway) to operate the equipment
- New computer operations system to operate and monitor the systems
- New paving for access to these areas.

We have been advised by the representative of the Illinois Department of Revenue to contact your office for clarification of the 'equipment' for which the tax exemption applies.

Your prompt response will be appreciated.

For your information, we have enclosed a copy of 86 Ill. Adm. Code 130.335 concerning Pollution Control Facilities. The pollution control facilities exemption extends to "any system, method, construction, device or appliance appurtenant thereto sold or used or intended for the primary purpose of eliminating, preventing, or reducing air and water pollution as the term "pollution" is defined in the Environmental Protection Act (415 ILCS 5/1 et seq.), or for the primary purpose of treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property."

No items qualify for the Pollution Control Facilities exemption in and of themselves. No transactions are exempt on the basis of the pollution control exemption unless certifications are obtained as described in 86 Ill. Adm. Code 130.335(a) of the Department's rules. Items that can be used in both qualifying and non-qualifying activities must be used in qualifying activities before the exemption has application.

This exemption includes not only the pollution control equipment itself, but also replacement parts therefor, but does not extend to chemicals used in or in conjunction with the equipment unless they are an integrated part of the pollution control equipment. The exemption also does not apply to fuel used in operating any such equipment or to any other tangible personal property which may be used in some way in connection with such equipment, but which is not an integral part of the equipment itself. 86 Ill. Adm. Code 130.335(a).

Generally, buildings and their remodeling, including paving, do not qualify as pollution control equipment, because their primary purpose is not treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property. Generally, computer systems used to monitor do not qualify for the pollution control exemption. However, whether a computer system will qualify depends upon the primary purpose of the computer system.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

ST 00-0076-GIL

Page 3

March 22, 2000

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.